

**NOTICE OF INTENT TO ACT UPON REGULATION  
AND  
HEARING AGENDA**

Notice of Hearing for the Adoption, Amendment or Repeal of Regulations of  
The Department of Business and Industry, Division of Insurance

The State of Nevada, Department of Business and Industry, Division of Insurance ("Division"), (775) 687-0700, will hold a public hearing on **June 21, 2016, at 9:30 a.m.** at the Division's office located at 1818 East College Parkway, 1<sup>st</sup> floor hearing room, Carson City, Nevada 89706. Interested persons may also participate through a simultaneous videoconference conducted at the Bradley Building, 2501 East Sahara Avenue, 3<sup>rd</sup> floor conference room, Las Vegas, Nevada 89104. The purpose of the hearing is to receive comments from all interested persons regarding the adoption, amendment or repeal of the regulation(s) that pertain(s) to chapter 681B of the Nevada Administrative Code ("NAC").

The following information is provided pursuant to the requirements of Nevada Revised Statute ("NRS") 233B.0603 and the directives of the Governor:

**LCB File No. R064-16. NAIC Valuation Manual.**

A regulation relating to insurance; adopting by reference the *Valuation Manual* adopted by the National Association of Insurance Commissioners; and providing other matters properly relating thereto.

(1) Why is the regulation necessary and what is its purpose?

**This regulation is required in order to adopt the National Association of Insurance Commissioners' *Valuation Manual*, in accordance with Senate Bill No. 67 (2015).**

(2) What are the terms or substance of the proposed regulation?

**Senate Bill No. 67 (2015) makes various changes relating to life insurance, accident and health insurance and deposit-type contracts. Certain of those changes are applicable only to policies and contracts issued on or after the operative date of the *Valuation Manual* adopted by the National Association of Insurance Commissioners. (Sections 33.3, 33.7 and 33.9 of Senate Bill No. 67, chapter 522, Statutes of Nevada 2015, at pages 3392-96 (NRS 681B.300, 681B.320 and 681B.330)) Senate Bill No. 67 further provides that the *Valuation Manual* is not operative until, among other things, it has been adopted by the Commissioner of Insurance, by regulation. (Section 33.7 of Senate Bill No. 67, chapter 522, Statutes of Nevada 2015, at page 3394 (NRS 681B.300)) This regulation adopts the *Valuation Manual*.**

(3) What is the anticipated impact of the regulation on the problem(s)?

**This regulation adopts the *Valuation Manual* pursuant to Section 33.7 of Senate Bill No. 67, chapter 522, Statutes of Nevada 2015, at page 3394 (NRS 681B.300).**

(4) Do other regulations address the same problem(s)?

**No other regulations address the adoption of the *Valuation Manual*.**

(5) Are alternate forms of regulation sufficient to address the problem(s)?

**No. Nevada statutes require that the Commissioner adopt the *Valuation Manual* by regulation.**

(6) What value does the regulation have to the public?

**This regulation allows Nevada to adopt the *Valuation Manual* by reference in order to establish the operative date of the *Valuation Manual*. Once operative, The *Valuation Manual* will set forth the standards for the establishment and maintenance of appropriate reserves for certain insurance companies operating in the State of Nevada.**

(7) What is the anticipated economic benefit of the regulation?

**This regulation is required in order for certain changes to NRS 681B to become effective, pursuant to Senate Bill No. 67 (2015). Therefore, there is no significant change to the impact on the following:**

a. Public

1. Immediate: **This proposed regulation adopts the *Valuation Manual* which sets forth consistent national standards for the establishment and maintenance of appropriate reserves for applicable companies.**

2. Long Term: **This proposed regulation adopts the *Valuation Manual* which sets forth consistent national standards for the establishment and maintenance of appropriate reserves for applicable companies.**

b. Insurance Business

1. Immediate: **This proposed regulation adopts the *Valuation Manual* which sets forth consistent national standards for the establishment and maintenance of appropriate reserves for applicable companies.**

2. Long Term: **This proposed regulation adopts the *Valuation Manual* which sets forth consistent national standards for the establishment and maintenance of appropriate reserves for applicable companies.**

c. Small Businesses

1. Immediate: **This proposed regulation adopts the *Valuation Manual* which sets forth consistent national standards for the establishment and maintenance of appropriate reserves for applicable companies.**

2. Long Term: **This proposed regulation adopts the *Valuation Manual* which sets forth consistent national standards for the establishment and maintenance of appropriate reserves for applicable companies.**

d. Small Communities

1. Immediate: **This proposed regulation adopts the *Valuation Manual* which sets forth consistent national standards for the establishment and maintenance of appropriate reserves for applicable companies.**

2. Long Term: **This proposed regulation adopts the *Valuation Manual* which sets forth consistent national standards for the establishment and maintenance of appropriate reserves for applicable companies.**

- e. Government Entities
  - 1. Immediate: **This proposed regulation adopts the *Valuation Manual* which sets forth consistent national standards for the establishment and maintenance of appropriate reserves for applicable companies.**
  - 2. Long Term: **This proposed regulation adopts the *Valuation Manual* which sets forth consistent national standards for the establishment and maintenance of appropriate reserves for applicable companies.**

(8) What is the anticipated adverse impact, if any?

- a. Public
  - 1. Immediate: **There is no adverse impact.**
  - 2. Long Term: **There is no adverse impact.**
- b. Insurance Business
  - 1. Immediate: **There is no adverse impact.**
  - 2. Long Term: **There is no adverse impact.**
- c. Small Businesses
  - 1. Immediate: **There is no adverse impact.**
  - 2. Long Term: **There is no adverse impact.**
- d. Small Communities
  - 1. Immediate: **There is no adverse impact.**
  - 2. Long Term: **There is no adverse impact.**
- e. Government Entities
  - 1. Immediate: **There is no adverse impact.**
  - 2. Long Term: **There is no adverse impact.**

(9) What is the anticipated cost of the regulation, both direct and indirect?

- a. Enactment: **No anticipated cost.**
- b. Enforcement: **No anticipated cost.**
- c. Compliance: **No anticipated cost.**

(10) Does the regulation establish a new fee or increase an existing fee?  
**There are no fees associated with this regulation.**

(11) Provide a statement which identifies the methods used by the agency in determining the impact of the proposed regulation on a small business, prepared pursuant to subsection 3 of NRS 233B.0608.

**The insurance companies affected by this regulation are not small businesses. There is no adverse impact on small business.**

(12) Provide a description of any regulations of other state or local governmental agencies which the proposed regulation overlaps or duplicates, and a statement explaining why the duplication or overlapping is necessary. If the regulation overlaps or duplicates a federal regulation, state the name of the regulating federal agency.

**There are no other regulations in the state that overlap or duplicate the proposed regulation.**

(13) If the regulation is required pursuant to federal law, provide a citation and description of the federal law.

**This regulation is not required pursuant to federal law.**

(14) If the regulation includes provisions which are more stringent than a federal regulation that regulates the same activity, provide a summary of such provisions.

**There are no federal regulations that regulate this activity.**

Persons wishing to comment upon the proposed action of the Division may appear at the scheduled public hearing or may address their comments, data, views or arguments, in written form, to the Division, 1818 East College Parkway, Suite 103, Carson City, Nevada 89706. **Written submissions must be received by the Division on or before June 2, 2016.** If no person who is directly affected by the proposed action appears to request time to make an oral presentation, the Division may proceed immediately to act upon any written submissions.

A copy of this notice and the regulation will be on file at the State Library, 100 North Stewart Street, Carson City, Nevada, for inspection by members of the public during business hours. Additional copies of the notice and the regulation will be available at the offices of the Division, 1818 East College Parkway, Suite 103, Carson City, Nevada 89706, and 2501 East Sahara Avenue, Suite 302, Las Vegas, Nevada 89104, and in all counties in which an office of the agency is not maintained, at the main public library, for inspection and copying by members of the public during business hours. This notice and the text of the proposed regulation are also available in the State of Nevada Register of Administrative Regulations, which is prepared and published monthly by the Legislative Counsel Bureau pursuant to NRS 233B.0653, and on the Internet at <http://leg.state.nv.us/register/>. Copies of this notice and the proposed regulation will be mailed to members of the public upon request. A reasonable fee may be charged for copies if it is deemed necessary. This does not apply to a public body subject to the Open Meeting Law.

Upon adoption of any regulation, the agency, if requested to do so by an interested person, either before adoption or within 30 days thereafter, shall issue a concise statement of the principal reasons for and against its adoption, and incorporate therein its reason for overruling the consideration urged against its adoption.

Notice of the hearing was provided via electronic means to all persons on the agency's e-mail list for administrative regulations, and this Notice of Intent to Act Upon Regulation was posted to the agency's Internet Web site at <http://doi.nv.gov/> and was provided to or posted at the following locations:

Department of Business and Industry  
Division of Insurance  
1818 East College Parkway, Suite 103  
Carson City, Nevada 89706

Legislative Building  
401 South Carson Street  
Carson City, Nevada 89701

Blasdel Building  
209 East Musser Street  
Carson City, Nevada 89701

Nevada Department of Employment,  
Training and Rehabilitation  
2800 E. Saint Louis Ave.  
Las Vegas, NV 89104

Carson City Library  
900 North Roop Street  
Carson City, Nevada 89701

Douglas County Library  
P.O. Box 337  
Minden, Nevada 89423

Esmeralda County Library  
P.O. Box 430  
Goldfield, Nevada 89013

Humboldt County Library  
85 East 5<sup>th</sup> Street  
Winnemucca, Nevada 89445

Las Vegas-Clark County Library District  
7060 W. Windmill Lane  
Las Vegas, NV 89113

Lyon County Library  
20 Nevin Way  
Yerington, Nevada 89447

Pershing County Library  
P.O. Box 781  
Lovelock, Nevada 89419

Department of Business and Industry  
Division of Insurance  
2501 East Sahara Avenue, Suite 302  
Las Vegas, Nevada 89104

Grant Sawyer Building  
555 East Washington Avenue  
Las Vegas, Nevada 89101

Capitol Building Main Floor  
101 North Carson Street  
Carson City, Nevada 89701

Nevada State Library & Archives  
100 North Stewart Street  
Carson City, Nevada 89701

Churchill County Library  
553 South Main Street  
Fallon, Nevada 89406

Elko County Library  
720 Court Street  
Elko, Nevada 89801

Eureka Branch Library  
P.O. Box 293  
Eureka, Nevada 89316

Lander County Library  
P.O. Box 141  
Battle Mountain, Nevada 89820

Lincoln County Library  
P.O. Box 330  
Pioche, Nevada 89043-0330

Mineral County Public Library  
P.O. Box 1390  
Hawthorne, Nevada 89415

Storey County Clerk  
P.O. Drawer D  
Virginia City, Nevada 89440

Tonopah Public Library  
P.O. Box 449  
Tonopah, Nevada 89049

Washoe County/Downtown Reno Library  
P.O. Box 2151  
Reno, Nevada 89505-2151

White Pine County Library  
950 Campton Street  
Ely, Nevada 89301


Members of the public who would like additional information about the proposed regulation may contact Annette James, Lead Actuary, at (775) 687-0732, or via e-mail to [ajames@doi.nv.gov](mailto:ajames@doi.nv.gov).

Members of the public who are disabled and require special accommodations or assistance at the hearing are requested to notify the Commissioner's secretary in writing at 1818 East College Parkway, Suite 103, Carson City, Nevada 89706, or by calling (775) 687-0700, no later than five (5) working days before the meeting.

DATED this 12<sup>th</sup> day of May, 2016.

BARBARA D. RICHARDSON  
Commissioner of Insurance

By:

  
LAURIE SQUARTSOFF  
Deputy Commissioner of Insurance



DEPARTMENT OF BUSINESS AND INDUSTRY  
DIVISION OF INSURANCE

1818 East College Pkwy., Suite 103  
Carson City, Nevada 89706  
(775) 687-0700 • Fax (775) 687-0787  
Website: doi.nv.gov  
E-mail: insinfo@doi.state.nv.us

**TO:** LAURIE SQUARTSOFF  
Chief Deputy Commissioner of Insurance

**FROM:** BARBARA RICHARDSON  
Commissioner of Insurance

**DATE:** May 9, 2016

**SUBJECT:** Delegation of Authority in the Commissioner's Absence

\*\*\*\*\*

I hereby issue a Delegation of Authority for you to act on my behalf when I am absent from the state May 10, 2016 through May 15, 2016. You are empowered to exercise all authority necessary to handle matters coming before the Division of Insurance, unless otherwise delegated.

  
\_\_\_\_\_  
BARBARA RICHARDSON  
Commissioner of Insurance

**NRS 679B.110 Delegation of powers.**

1. The Commissioner may delegate to his or her deputy, examiner or an employee of the Division the exercise or discharge in the Commissioner's name of any power, duty or function, whether ministerial, discretionary or of whatever character, vested in or imposed upon the Commissioner.
2. The official act of any such person acting in the Commissioner's name and by his or her authority shall be deemed an official act of the Commissioner.

(Added to NRS by 1971, 1563; A 1991, 1615; 1993, 1898)

## **HEARING AGENDA**

The State of Nevada, Department of Business and Industry  
Division of Insurance ("Division")  
**June 21, 2016 • 9:30 a.m.**

### **Location of Hearing:**

Office of the Division of Insurance  
1818 E. College Pkwy., 1<sup>st</sup> Floor Hearing Room  
Carson City, NV 89706  
(Division Offices located in Suite 103)

### **Available via Videoconference at:**

Office of the Division of Insurance  
2501 E. Sahara Ave., 3<sup>rd</sup> Floor Conference Room  
Las Vegas, NV 89104  
(Division Offices located in Suite 302)

- 1. Call to Order.**
- 2. Presentation, Discussion and Adoption of Proposed Regulation. (For Possible Action)**  
**LCB File No. R064-16, NAIC Valuation Manual.** A regulation relating to insurance; adopting by reference the *Valuation Manual* adopted by the National Association of Insurance Commissioners; and providing other matters properly relating thereto.
- 3. Public Comment.**
- 4. Adjournment.**

Supporting public material for this meeting may be requested from Sue Dummar, Legal Secretary, Nevada Division of Insurance, 1818 E. College Parkway, Carson City, Nevada 89706, by e-mail to [sdummar@doi.nv.gov](mailto:sdummar@doi.nv.gov), or by calling (775) 687-0704. In your request, please state that you are requesting meeting materials for LCB File No. R064-16 and provide the date of the meeting.

Note: Any agenda item may be taken out-of-order; items may be combined for consideration by the public body; and items may be pulled or removed from the agenda at any time. The Hearing Officer, within his/her discretion, may allow for public comment on individual agenda items. Public Comment may be limited to three minutes per speaker.

Members of the public are encouraged to submit written comments for the record.

We are pleased to make reasonable accommodations for attendees with disabilities. Please notify Tracy Zehner, Assistant to the Commissioner, at (775) 687-0771, no later than five (5) working days before the meeting.

### **NOTICES FOR THIS MEETING HAVE BEEN POSTED IN ACCORDANCE WITH NRS 241 AT THE FOLLOWING LOCATIONS:**

Nevada Division of Insurance, 1818 E. College Parkway, Suite 103, Carson City, Nevada 89706  
Nevada Division of Insurance, 2501 E. Sahara Avenue, Suite 302, Las Vegas, Nevada 89104  
Nevada State Legislative Building, 401 S. Carson Street, Carson City, Nevada 89701  
Grant Sawyer State Office Building, 555 E. Washington Avenue, Las Vegas, Nevada 89101  
Blasdel State Office Building, 209 E. Musser Street, Carson City, Nevada 89701  
Nevada State Capitol, 101 N. Carson Street, Carson City, Nevada 89701  
Nevada Dept. of Employment, Training and Rehabilitation, 2800 E. Saint Louis Avenue, Las Vegas, Nevada 89104  
The State of Nevada Website ([www.nv.gov](http://www.nv.gov))  
The Nevada State Legislature Website ([www.leg.state.nv.us](http://www.leg.state.nv.us))  
The Nevada Division of Insurance Website ([www.doi.nv.gov](http://www.doi.nv.gov))



**PROPOSED REGULATION OF THE  
COMMISSIONER OF INSURANCE**

**LCB File No. R064-16**

May 11, 2016

EXPLANATION – Matter in *italics* is new; matter in brackets ~~omitted material~~ is material to be omitted.

AUTHORITY: §§1 and 2, NRS 679B.130 and section 33.7 of Senate Bill No. 67, chapter 522, Statutes of Nevada 2015, at page 3394 (NRS 681B.300).

A REGULATION relating to insurance; adopting by reference the *Valuation Manual* adopted by the National Association of Insurance Commissioners; and providing other matters properly relating thereto.

**Legislative Counsel's Digest:**

Senate Bill No. 67 (2015) makes various changes relating to life insurance, accident and health insurance and deposit-type contracts. Certain of those changes are applicable only to policies and contracts issued on or after the operative date of the *Valuation Manual* adopted by the National Association of Insurance Commissioners. (Sections 33.3, 33.7 and 33.9 of Senate Bill No. 67, chapter 522, Statutes of Nevada 2015, at pages 3392-96 (NRS 681B.300, 681B.320 and 681B.330)) Senate Bill No. 67 further provides that the *Valuation Manual* is not operative until, among other things, it has been adopted by the Commissioner of Insurance, by regulation. (Section 33.7 of Senate Bill No. 67, chapter 522, Statutes of Nevada 2015, at page 3394 (NRS 681B.300)) This regulation adopts the *Valuation Manual*.

**Section 1.** Chapter 681B of NAC is hereby amended by adding thereto a new section to read as follows:

*1. The Valuation Manual, in the form most recently adopted by the National Association of Insurance Commissioners, is hereby adopted by reference. The publication may be obtained by mail from the National Association of Insurance Commissioners, Publications Department,*

*1100 Walnut Street, Suite 1500, Kansas City, Missouri 64106-2197, or by ordering via telephone at (816) 783-8300 or on the Internet at <http://www.naic.org>, at the price of \$ \_\_\_\_\_. [N.B., the price has not yet been determined by the NAIC but will be inserted before the adoption of this regulation.]*

*2. If the Valuation Manual is revised, the Commissioner will review the revision to determine its suitability for this State. If the Commissioner determines that the revision is not suitable for this State, he or she will give notice within 30 days after the effective date of the revision. If the Commissioner does not give notice within 30 days, the revision becomes part of the Valuation Manual as adopted by reference. If a revision becomes part of the Valuation Manual and a person objects to and is aggrieved by the revision, that person may request a hearing before the Commissioner pursuant to NRS 679B.310 to 679B.370, inclusive.*

**Sec. 2.** This regulation becomes effective on July 1, 2016.

**STATE OF NEVADA  
DEPARTMENT OF BUSINESS & INDUSTRY  
DIVISION OF INSURANCE**

**Determination of Necessity of Small Business Impact Statement**

LCB File No. R064-16

A REGULATION relating to insurance; amending provisions relating to the adoption of certain publications of the National Association of Insurance Commissioners; and providing other matters properly relating thereto.

EFFECTIVE DATE OF REGULATION:  
Upon filing with the Nevada Secretary of State

**1. BACKGROUND**

This regulation adopts the National Association of Insurance Commissioners' (NAIC's) Valuation Manual by reference. Paragraph (d) of subsection 2 of section 33.7 of Senate Bill No. 67 (2015), requires the Commissioner to promulgate a regulation adopting the Valuation Manual in order to establish the operative date of the Valuation Manual, which is needed for certain insurance companies to implement the principle-based reserving approach to setting reserves. This regulation satisfies the requirement of the cited statute which has not yet been codified.

**2. DESCRIPTION OF SOLICITATION**

The Division determined that the proposed regulation does not and is not likely to impose a direct or significant economic burden upon small business. The Division also concluded that the proposed regulation does not directly restrict the formation, operation or expansion of a small business. Based on that determination, the Division concluded that an analysis of the impact of the proposed regulation on small businesses, and the solicitation of input from owners and officers of small businesses likely to be affected by the proposed regulation were not necessary. Accordingly, a small business impact statement was not prepared (NRS 233B.0608.2).

**3. DOES THE PROPOSED REGULATION IMPOSE A DIRECT AND SIGNIFICANT ECONOMIC BURDEN UPON A SMALL BUSINESS OR DIRECTLY RESTRICT THE FORMATION, OPERATION OR EXPANSION OF A SMALL BUSINESS? (NRS 233B.0608.1)**

☒ NO (answer #4)                      ☐ YES (skip to #5)

**4. HOW WAS THAT CONCLUSION REACHED? (NRS 233B.0608.3)**

The proposed regulation affects the calculation of the reserves held by certain insurance companies. These insurance companies are not small businesses. The actual impact of the proposed regulation may result in a decrease or increase in the level of reserves required to be held by an affected insurance company, depending on the mortality characteristics of the company's insureds and on the mix of products offered by the insurer. Since the proposed regulation applies to all affected insurers, the Division determined that it does not impose a direct or significant economic burden upon small business as defined by NRS chapter 233B, nor does it directly restrict the formation, operation or expansion of a small business.

I, BARBARA D. RICHARDSON, Commissioner of Insurance for the State of Nevada, certify that, to the best of my knowledge or belief, a concerted effort was made to determine the impact of the proposed regulation on small businesses, and that the information contained in the statement above is accurate. (NRS 233B.0608.3)

BARBARA D. RICHARDSON  
Commissioner of Insurance

May 12, 2016  
(DATE)

By: Laurie Squartoff  
LAURIE SQUARTSOFF  
Deputy Commissioner of Insurance  
(with Delegation of Authority)

**Small Business Impact Statement**

LCB File No. R064-16

5. SUMMARY OF COMMENTS RECEIVED FROM SMALL BUSINESSES (NRS 233B.0609.1.a)  
N/A
6. ESTIMATED ECONOMIC EFFECT ON SMALL BUSINESSES THE REGULATION IS TO REGULATE (NRS 233B.0609.1.c)  
N/A
7. METHODS CONSIDERED TO REDUCE IMPACT ON SMALL BUSINESSES (NRS 233B.0609.1.d)  
N/A
8. ESTIMATED COST OF ENFORCEMENT (NRS 233B.0609.1.e)  
N/A
9. FEE CHANGES (NRS 233B.0609.1.f)  
N/A
10. DUPLICATIVE PROVISIONS (NRS 233B.0609.1.g)  
N/A
11. HOW WAS THE ANALYSIS CONDUCTED? (NRS 233B.0609.1.b)  
N/A
12. REASONS FOR CONCLUSIONS (NRS 233B.0609.1.h)  
N/A

I, BARBARA D. RICHARDSON, Commissioner of Insurance for the State of Nevada, certify that, to the best of my knowledge or belief, the information contained in the statement above was prepared properly and is accurate. (NRS 233B.0609.2)

BARBARA D. RICHARDSON  
Commissioner of Insurance

May 12, 2016  
(DATE)

By: Laurie Squartoff  
LAURIE SQUARTSOFF  
Deputy Commissioner of Insurance  
(with Delegation of Authority)



DEPARTMENT OF BUSINESS AND INDUSTRY  
DIVISION OF INSURANCE  
1818 East College Pkwy., Suite 103  
Carson City, Nevada 89706  
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Website: doi.nv.gov  
E-mail: insinfo@doi.state.nv.us

**TO:** LAURIE SQUARTSOFF  
Chief Deputy Commissioner of Insurance

**FROM:** BARBARA RICHARDSON  
Commissioner of Insurance

**DATE:** May 9, 2016

**SUBJECT:** Delegation of Authority in the Commissioner's Absence

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BARBARA RICHARDSON  
Commissioner of Insurance

**NRS 679B.110 Delegation of powers.**

1. The Commissioner may delegate to his or her deputy, examiner or an employee of the Division the exercise or discharge in the Commissioner's name of any power, duty or function, whether ministerial, discretionary or of whatever character, vested in or imposed upon the Commissioner.

2. The official act of any such person acting in the Commissioner's name and by his or her authority shall be deemed an official act of the Commissioner.

(Added to NRS by 1971, 1563; A 1991, 1615; 1993, 1898)